



PRELIMINARY BUDGET

Fiscal Year 2015

April 29, 2014
(Corrected April 30, 2014)



City Manager Introduction

Leslie Deese
City Manager



Preliminary Budget

Mark Roberts
Director of Finance

Strategic Plan Objective 2a

2. Achieve Fiscal Sustainability

- a) Prepare effective budget, accurately forecast funding sources . . .



Preliminary General Fund Summary Fiscal Year 2015

Estimated Revenues	\$42,878,675
<u>Estimated Expenditures*</u>	<u>\$41,175,452</u>
Estimated Surplus/(Deficit)	\$1,703,223

* includes transfers out (\$1,710,227)

Capital Improvement Program (CIP) budget information not included.



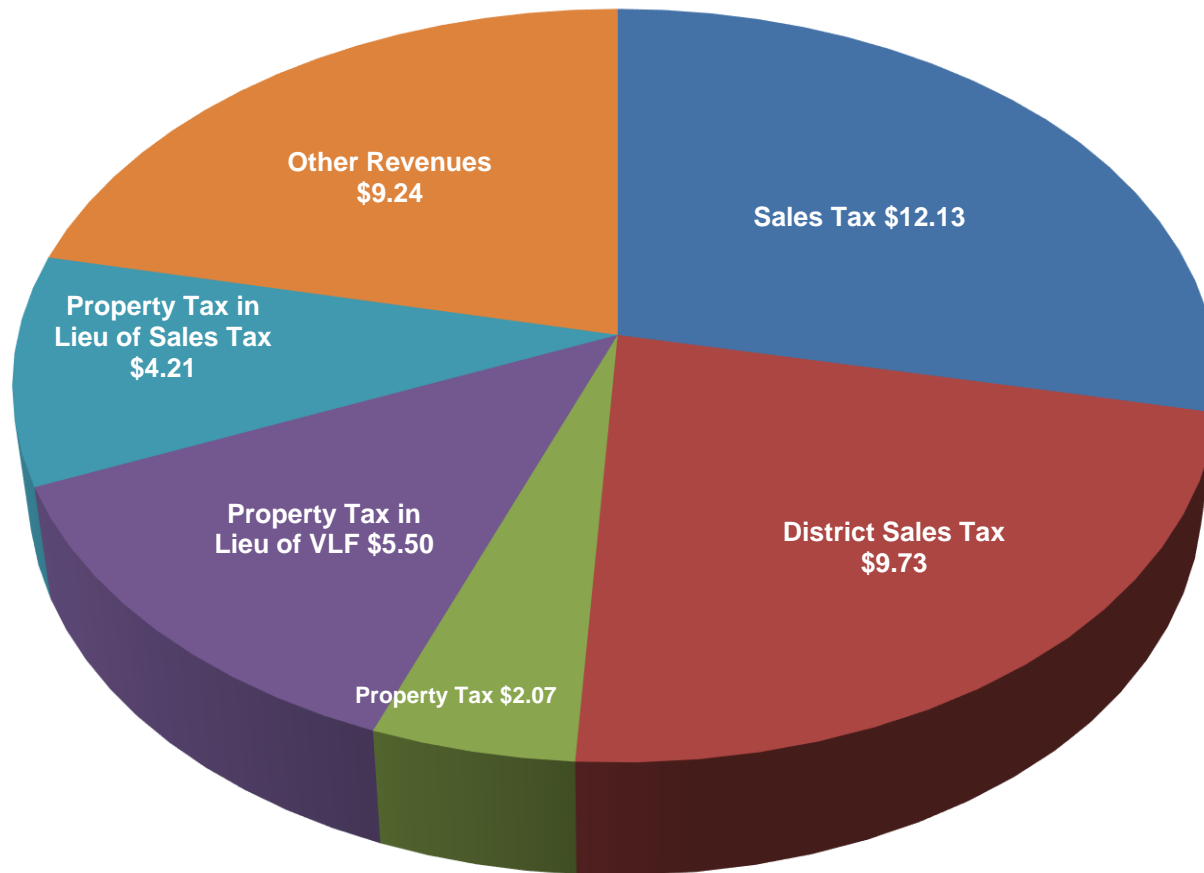
Preliminary General Fund Summary Fiscal Year 2015

Fund	Description	Personnel Services	Maintenance & Operations	Capital Outlay	Allocated Costs & Internal Svc Chrgs	Total Budget*
401	CITY COUNCIL	304,552	27,659	-	111,173	443,384
402	CITY CLERK	213,538	79,700	-	46,982	340,220
403	CITY MANAGER	986,947	26,820	-	107,644	1,121,411
405	CITY ATTORNEY	549,577	142,050	-	56,223	747,850
409	NON-DEPARTMENTAL	-	745,114	-	55,000	800,114
410	CITY TREASURER	24,414	2,110	-	15,021	41,545
411	POLICE	16,251,631	1,680,132	190,000	2,595,832	20,717,595
412	FIRE	6,640,382	677,140	-	900,987	8,218,509
416	ENGINEERING & PUBLIC WORKS	763,920	572,000	-	865,443	2,201,363
417	ADMINISTRATIVE SERVICES	1,475,415	367,774	50,000	347,103	2,240,292
418	COMMUNITY DEVELOPMENT	1,377,589	154,900	-	826,486	2,358,975
419	HOUSING, GRANTS & ASSET MANAGEMENT	161,119	64,000	-	8,847	233,966
GENERAL FUND		28,749,084	4,539,399	240,000	5,936,741	39,465,224

* CIP information not included.

General Fund Revenues Fiscal Year 2015

Estimated Revenues - \$42.88M



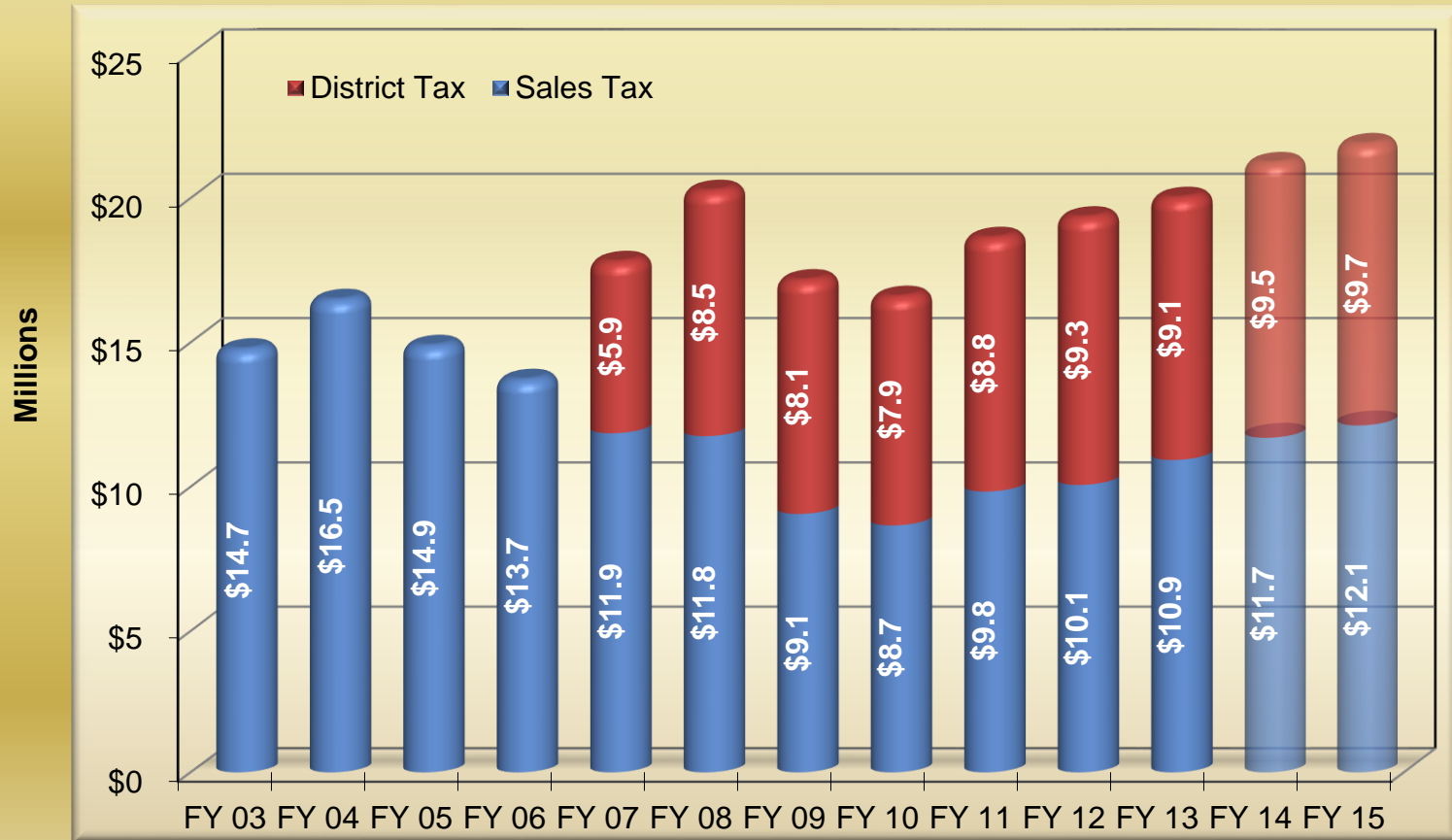


General Fund Revenues

FY 14 Adopted vs FY 15 Estimated

	FY 14 Adopted	FY 15 Estimated	Change
Sales Tax	\$ 11,358,170	\$ 12,126,248	\$ 768,078
Proposition D / District Tax	9,418,000	9,732,000	314,000
Property Tax	1,880,173	2,068,209	188,036
Property Tax in Lieu of VLF	5,185,350	5,500,000	314,650
Property Tax in Lieu of Sales Tax	4,093,008	4,213,491	120,483
Other Revenue	10,413,688	9,238,727	(1,174,961)
Total	\$ 42,348,389	\$ 42,878,675	\$ 530,286

Bradley-Burns Sales Tax & District Sales Tax





General Fund Expenditures

FY 14 Adopted vs FY 15 Estimated

	FY 14 Adopted	FY 15 Estimated	Change
Personnel Services	\$ 28,578,476	\$ 28,749,084	\$ 170,608
Maintenance & Operations	4,793,028	4,539,399	(253,629)
Capital Outlay	305,000	240,000	(65,000)
Capital Improvement	2,531,400	-	(2,531,400)
Allocated Costs & Internal Svc. Charges	5,809,062	5,936,741	127,679
Transfers Out	1,870,193	1,710,227	(159,966)
Total	\$ 43,887,159	\$ 41,175,452	\$ (2,711,707)



General Fund Expenditures

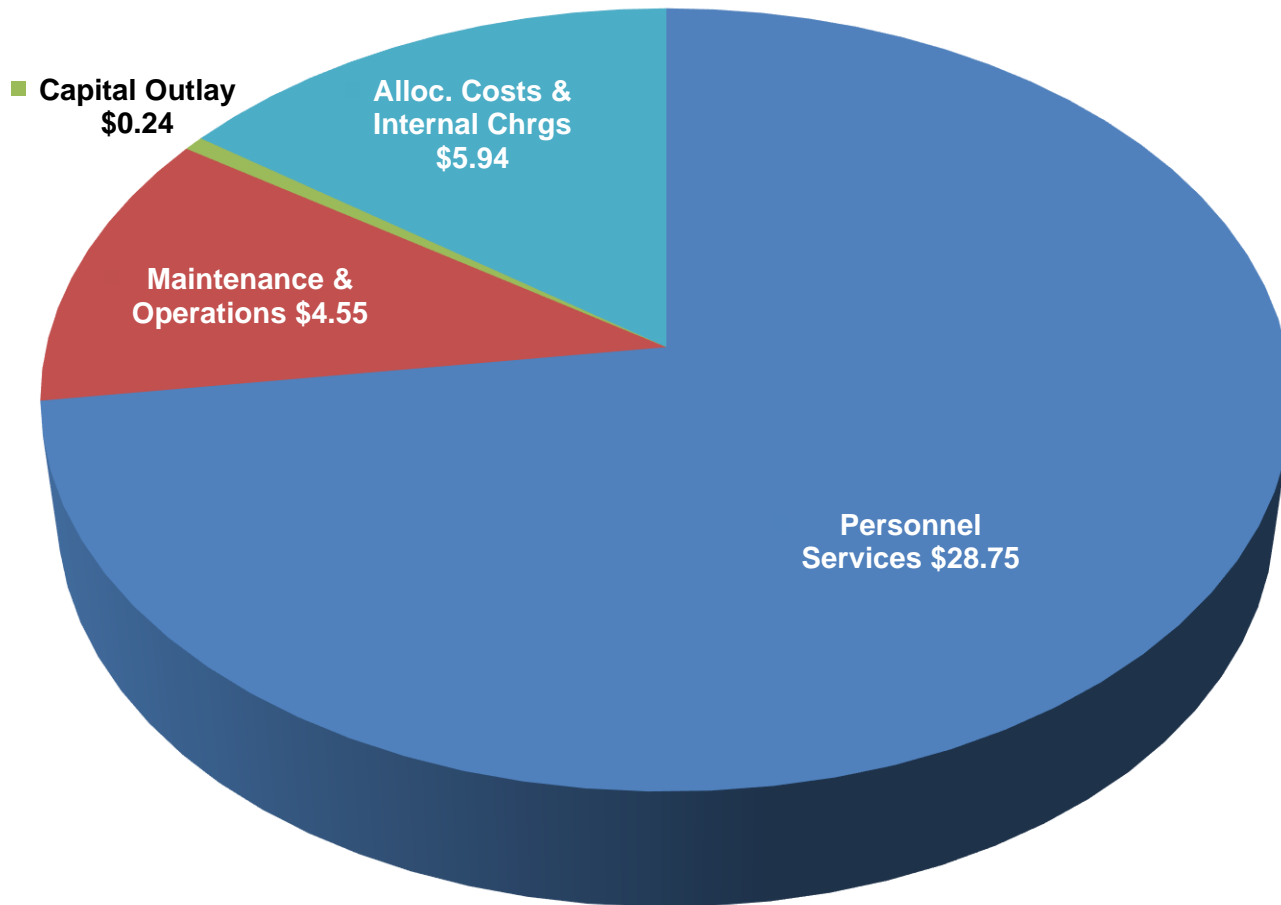
FY 14 Adopted vs FY 15 Estimated

	FY 14 Adopted	FY 15 Estimated	Change
Personnel Services	\$ 28,578,476	\$ 28,749,084	\$ 170,608
Maintenance & Operations	4,793,028	4,539,399	(253,629)
Capital Outlay	305,000	240,000	(65,000)
Allocated Costs & Internal Svc. Charges	5,809,062	5,936,741	127,679
Transfers Out	1,870,193	1,710,227	(159,966)
Total	\$ 41,355,759	\$ 41,175,452	\$ (180,307)

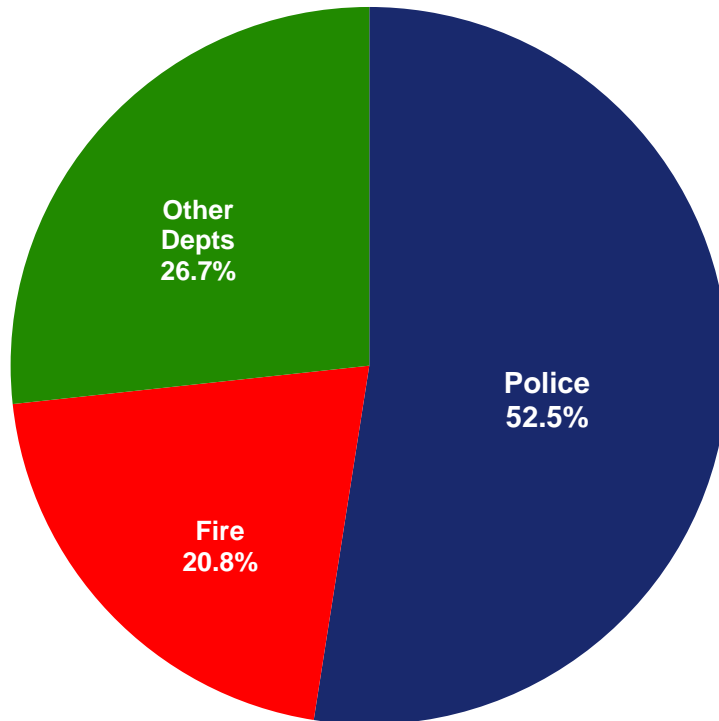


General Fund Expenditures Fiscal Year 2015

Estimated Expenditures by Category - \$39.47M



General Fund Percentage of Expenditures by Department – FY15



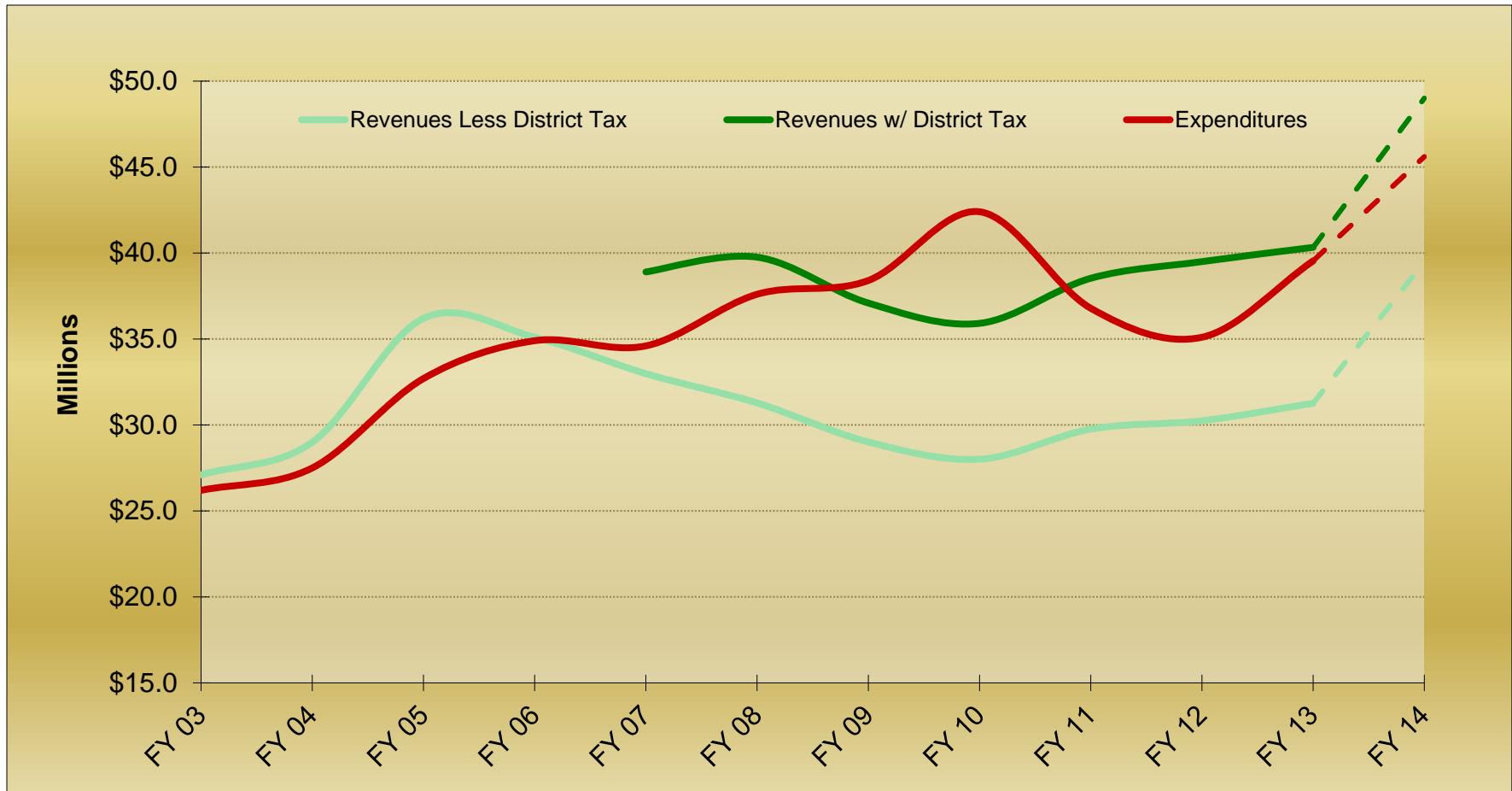
Police

Fire

Other Depts

- City Council
- City Clerk
- City Treasurer
- City Manager
- City Attorney
- Administrative Services
- Community Development
- Engineering / Public Works
- Housing, Grants, & Asset Management
- Non-Departmental *

General Fund Revenue & Expenditure Forecast



includes transfers out (no transfers-in)



Total Operating Budget

FY 14 Adopted vs FY 15 Preliminary

	FY 14 Adopted	FY 15 Preliminary	Change
General Fund Revenues	\$41,888,780	\$42,878,675	\$989,895
Transfers In	459,609	0	(459,609)
General Fund Expenditures*	(39,430,566)	(39,465,224)	(34,658)
Transfers Out	(1,870,193)	(1,710,227)	159,966
Projected Fund Balance Change - General Fund	\$1,047,630	\$1,703,223	\$655,593

	FY 14 Adopted	FY 15 Preliminary	Change
Other Fund Revenues	\$34,714,296	\$34,986,598	\$272,302
Transfers In	1,870,193	1,710,227	(159,966)
Other Fund Expenditures*	(36,189,224)	(34,966,416)	1,222,808
Transfers Out	(459,609)	0	459,609
Projected Fund Balance Change - Other Funds	(\$64,344)	\$1,730,409	\$1,794,753

	FY 14 Adopted	FY 15 Preliminary	Change
All Revenues	\$76,603,076	\$77,865,273	\$1,262,197
All Expenditures	(75,619,790)	(74,431,640)	1,188,150
Projected Fund Balance Change - All Funds	\$983,286	\$3,433,632	\$2,450,346

Transfers In/Out for all funds equal (net) \$0

* CIP budget not included.



Total Operating Budget

FY 14 Adopted vs FY 15 Preliminary

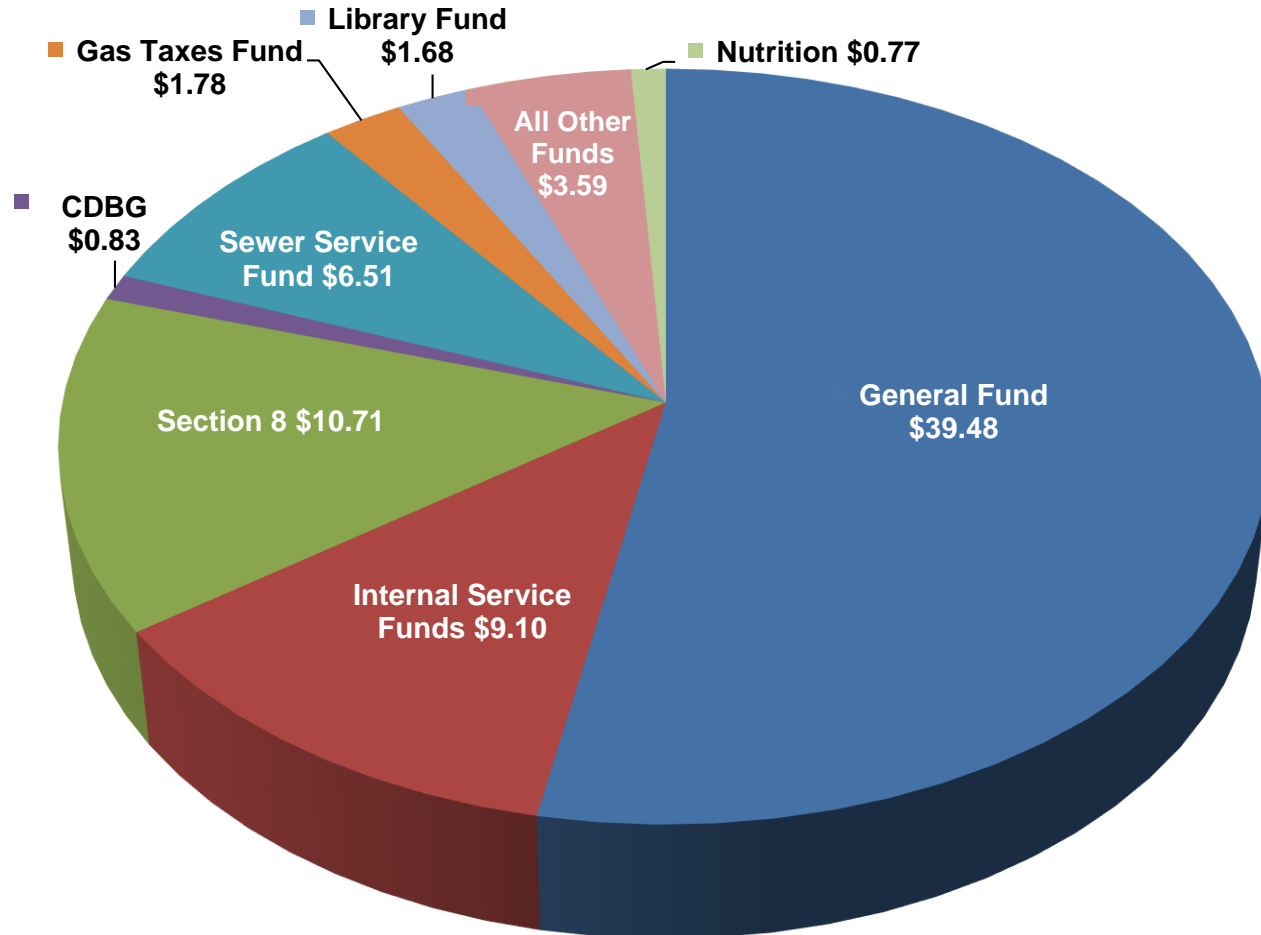
	FY 14 Adopted	FY 15 Preliminary	Change
General Fund Revenues	\$41,888,780	\$42,878,675	\$989,895
Transfers In	459,609	0	(459,609)
General Fund Expenditures*	(41,961,966)	(39,465,224)	2,496,742
Transfers Out	(1,870,193)	(1,710,227)	159,966
Projected Fund Balance Change - General Fund	(\$1,483,770)	\$1,703,223	\$3,186,993
	FY 14 Adopted	FY 15 Preliminary	Change
Other Fund Revenues	\$34,714,296	\$34,986,598	\$272,302
Transfers In	1,870,193	1,710,227	(159,966)
Other Fund Expenditures*	(39,362,224)	(34,966,416)	4,395,808
Transfers Out	(459,609)	0	459,609
Projected Fund Balance Change - Other Funds	(\$3,237,344)	\$1,730,409	\$4,967,753
	FY 14 Adopted	FY 15 Preliminary	Change
All Revenues	\$76,603,076	\$77,865,273	\$1,262,197
All Expenditures	(81,324,190)	(74,431,640)	6,892,550
Projected Fund Balance Change - All Funds	(\$4,721,114)	\$3,433,632	\$8,154,746

Transfers In/Out for all funds equal (net) \$0

* CIP budget for Fiscal Year 2015 not included.

Preliminary Total Budget Fiscal Year 2015

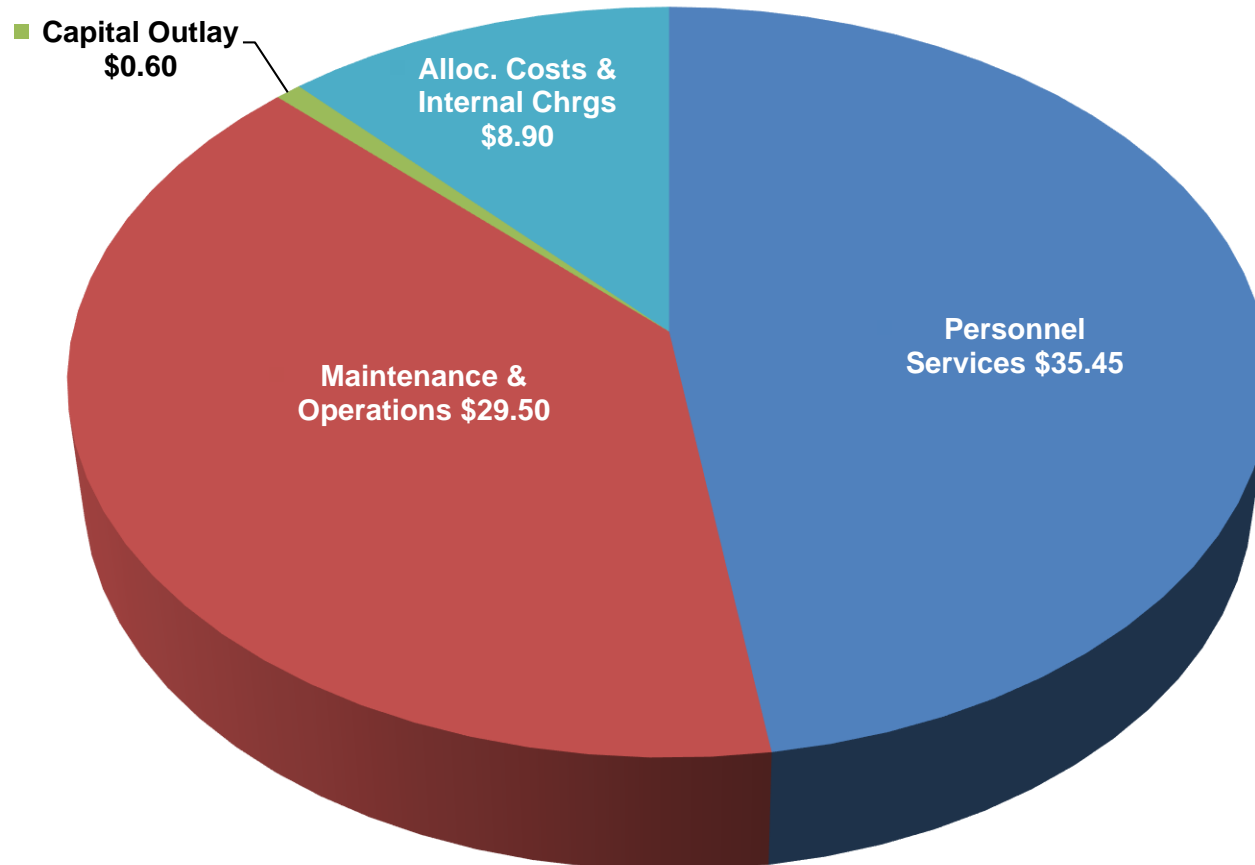
Estimated Expenditures by Fund - \$74.43M





Preliminary Total Budget Fiscal Year 2015

Estimated Expenditures by Category - \$74.43M



Ed Prendell

Budget Analyst

Significant General Fund Impacts

FY 15 Preliminary vs FY 14 Adopted

Additional Tax revenues anticipated*	\$ 1,705,247
CIP **	TBD
Pension contribution increases	(240,042)
Internal Service Charge Increase – Facilities Maint.	(112,363)
Debt Service Decrease – Police Department	97,356
Election Expense - November 2014	(35,000)
Health care premium increases ***	(29,268)

* Sales, Property, & Related Taxes

** Fiscal Year 2015 CIP information not yet included.

*** Healthcare premium increases not yet included.



Significant Non-General Fund Impacts

FY 15 Preliminary vs FY 14 Adopted

CIP *	TBD
WINGS Grant Revenue - Decrease	\$(1,012,000)
WINGS Grant Expenses - Decrease	1,137,958
Section 8 Revenue Increase	553,000
Pension contribution increases	(176,169)
Internal Service Charge Increase – Facilities Maint.	(33,228)

* Fiscal Year 2015 CIP information not yet included.

Proposed Changes

General Fund:

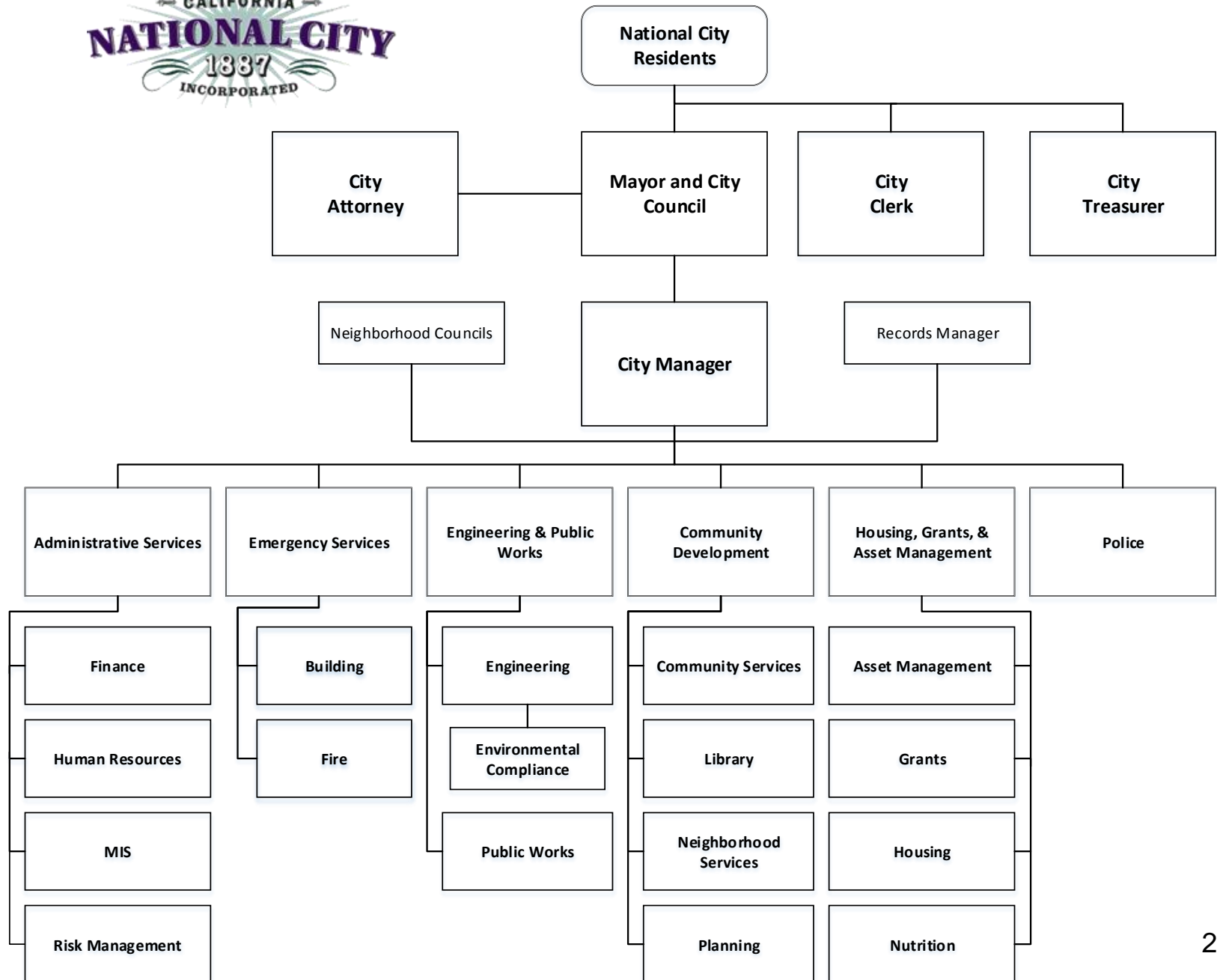
Staffing Changes	\$ 40,095
CDBG	414,540
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Total	\$454,635

Other Funds:

Staffing Changes	\$417,481
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CITY ORGANIZATIONAL CHART



Staffing Levels

- Strategic Objective 1b
Align workforce with City's objectives and provide training and support necessary to fully develop employees.
- Proposed budget includes position:
 - Additions
 - Deletions
 - Reclassifications

Staffing Levels – All Funds

FY 14 Adopted	381.00
<u>FY 15 Proposed</u>	<u>340.85</u>
Net Change	(40.15)

Staffing Levels

Department	Position	Fund	FY 14 Adopted	FY15 Preliminary	Change
POLICE	POLICE CAPTAIN	001	1.00	2.00	1.00
	POLICE LIEUTENANT	001	5.00	4.00	(1.00)
	POLICE RECORDS CLERK	001	6.00	7.00	1.00
	RESERVE POLICE OFFICER	001	2.88	4.00	1.12
TOTAL POLICE:			14.88	17.00	2.12
ENGINEERING & PUBLIC WORKS	DIRECTOR OF PUBLIC WORKS	001	0.55	0.00	(0.55)
	PROJECT OFFICER	001	0.85	0.00	(0.85)
	MAINTENANCE WORKER	109	1.50	2.00	0.50
	PROJECT OFFICER	109	0.10	0.00	(0.10)
	MAINTENANCE WORKER	125	3.50	3.00	(0.50)
	PROJECT OFFICER	125	0.05	0.00	(0.05)
	DIRECTOR OF PUBLIC WORKS	125	0.45	0.00	(0.45)
TOTAL ENGINEERING & PUBLIC WORKS:			7.00	5.00	(2.00)
ADMINISTRATIVE SERVICES	MANAGEMENT ANALYST II	001	1.00	2.00	1.00
	SENIOR ACCOUNTANT	001	2.00	1.00	(1.00)
TOTAL ADMINISTRATIVE SERVICES:			3.00	3.00	0.00

Staffing Levels

Department	Position	Fund	FY 14 Adopted	FY15 Preliminary	Change
COMMUNITY DEVELOPMENT	AQUATICS MANAGER	001	0.49	0.00	(0.49)
	CODE CONFORMANCE OFFICER I	001	0.75	2.00	1.25
	CODE CONFORMANCE OFFICER II	001	2.00	1.00	(1.00)
	GRAFFITI REMOVAL TECHNICIAN	001	0.60	1.00	0.40
	LIFEGUARD	001	1.55	0.00	(1.55)
	RECREATION LEADER I	001	0.49	0.00	(0.49)
	SENIOR LIFEGUARD	001	0.40	0.00	(0.40)
	LIBRARIAN	104	3.23	4.80	1.57
	LIBRARY ASSISTANT	104	2.88	3.92	1.04
	LIBRARY TECHNICIAN	104	3.80	4.50	0.70
	ACADEMIC ENRICHMENT PROG COORD	246	0.00	0.00	0.02
	LIBRARIAN	246	1.00	0.00	(1.00)
	LIBRARY ASSISTANT	246	2.96	0.00	(2.96)
	LIBRARY CLERK	246	31.52	0.00	(31.52)
	OFFICE AIDE	246	4.28	0.00	(4.28)
	CODE CONFORMANCE OFFICER I	301	0.25	0.00	(0.25)
	GRAFFITI REMOVAL TECHNICIAN	301	0.40	0.00	(0.40)
	LEAD HOUSING INSPECTOR	301	1.00	0.00	(1.00)
	LIFEGUARD	301	1.40	0.00	(1.40)
	LIBRARY ASSISTANT	320	0.00	0.50	0.50
TOTAL COMMUNITY DEVELOPMENT:			59.00	17.72	(41.28)

Staffing Levels

Department	Position	Fund	FY 14 Adopted	FY15 Preliminary	Change
HOUSING, GRANTS & ASSET MANAGEMENT	LEAD HOUSING INSPECTOR	001	0.00	0.50	0.50
	PROPERTY AGENT	001	0.00	0.50	0.50
	LEAD HOUSING INSPECTOR	301	0.00	0.50	0.50
	COMMUNITY DEVELOPMENT SPEC I	532	1.00	0.00	(1.00)
	PROPERTY AGENT	532	0.00	0.50	0.50
TOTAL HOUSING, GRANTS & ASSET MANAGEMENT:			1.00	2.00	1.00
GRAND TOTAL:			84.88	44.73	(40.15)



Fiscal Year 2015

Proposed Personnel Changes

				Fund			
Dept.	Position	FTE	Est. Cost	Gen. Fund	Gas Tax	Sewer	ISF *
Administrative Services							
	MIS Technician II	0.50	60,802	-	-	-	60,802
Total Administrative Services:		0.50	60,802	-	-	-	60,802
City Attorney							
	Intern	0.50	7,448	7,448	-	-	-
Total City Attorney:		0.50	7,448	7,448	-	-	-
Police							
	Community Service Officer	1.00	69,795	69,795	-	-	-
	Police Investigator I	0.50	13,633	13,633	-	-	-
	Police Investigator I	0.50	13,633	13,633	-	-	-
	Police Investigator I	0.50	13,633	13,633	-	-	-
	Prop & Evid Spec I	0.50	10,626	10,626	-	-	-
	Crime Scene Specialist	(1.00)	(62,900)	(62,900)	-	-	-
Total Police:		2.00	58,419	58,419	-	-	-
* Internal Service Fund (ISF)							



Fiscal Year 2015

Proposed Personnel Changes

				Fund			
Dept.	Position	FTE	Est. Cost	Gen. Fund	Gas Tax	Sewer	ISF *
Engineering & Public Works							
	Assistant Civil Engineer	1.00	84,270	42,135	42,135	-	-
	Civil Engineering Technician	1.00	75,786	37,893	37,893	-	-
	Traffic Painter	1.00	58,697	-	58,697	-	-
	Street & Wastewater Mainten	1.00	94,886	-	47,443	47,443	-
	Wastewater Crew Chief	1.00	82,424	-	-	82,424	-
	Equipment Maintenance Supe	1.00	80,844	-	-	-	80,844
	Project Officer	(1.00)	(85,000)	(72,250)	(8,500)	(4,250)	-
	Public Works Director	(1.00)	(61,000)	(33,550)		(27,450)	-
Total Engineering & Public Works:		4.00	330,907	(25,772)	177,668	98,167	80,844
Total Requests:		7.00	457,576	40,095	177,668	98,167	141,646
* Internal Service Fund (ISF)							



CDBG-Funded Programs

Mark Roberts
Director of Finance



CDBG – Summary Fiscal Year 2015

Program	Total	Awarded	Remainder
<u>Public Services</u>			
Supreme Teens	\$ 27,500	\$ 27,500	\$ -
Literacy Services	52,000	44,370	7,630
Neighborhood Councils Program	15,000	-	15,000
Tiny Tots	29,337	29,337	-
Trauma Intervention Program *	8,000	-	8,000
<u>Non-Public Services</u>			
Housing Inspection Program	110,477	48,239	62,238
Neighborhood Preservation	129,302	-	129,302
Drainage Improvements	100,000	-	100,000
Park ADA Enhancements	100,000	-	100,000
Total	\$ 492,116	\$ 77,576	\$ 414,540

* Initial request \$11,000 funding for the Trauma Intervention Programs of San Diego County, Inc.



CDBG – Initial Awards

Fiscal Year 2014

Program	Request	Awarded	Remainder
Learn To Swim	\$ 32,856	\$ -	\$ 32,856
Neighborhood Councils Program	15,000	-	15,000
Supreme Teens	22,070	20,000	2,070
Tiny Tots	29,337	22,973	6,364
Drainage Improvements	300,000	100,000	200,000
Public Access Defibrillator Program	16,893	-	16,893
George H Waters Nutrition Program	75,000	75,000	-
Literacy Services	52,000	40,000	12,000
Housing Inspection Program	145,000	121,000	24,000
Neighborhood Preservation	121,127	50,347	70,780
NCPD Support Svcs: Domestic Violence Response Team	20,000	20,000	-
Trauma Intervention Program	8,000	8,000	-
Total	\$ 837,283	\$ 457,320	\$ 379,963



CDBG – Final Awards *

Fiscal Year 2014

Program	Request	Awarded	Remainder
Learn To Swim	\$ 32,856	\$ -	\$ 32,856
Neighborhood Councils Program	15,000	-	15,000
Supreme Teens	22,070	20,000	2,070
Tiny Tots	29,337	26,706	2,631
Drainage Improvements	300,000	116,408	183,592
Public Access Defibrillator Program	16,893	-	16,893
George H Waters Nutrition Program	75,000	75,000	-
Literacy Services	52,000	46,501	5,499
Housing Inspection Program	145,000	140,512	4,488
Neighborhood Preservation	121,127	58,773	62,354
NCPD Support Svcs: Domestic Violence Response Team	20,000	20,000	-
Trauma Intervention Program	8,000	8,000	-
Total	\$ 837,283	\$ 511,900	\$ 325,383

* including reallocated funds from prior year



Capital Improvement Program (CIP) Fiscal Year 2015

**Stephen Manganiello
Director of Public Works /
City Engineer**

CIP: Overview

- “Sliding” five-year budgeting process used to identify, prioritize and coordinate the financing and timing of major public improvements
- First year of the five-year program represents the “approved” capital budget, which is incorporated into the City’s annual budget
- Projects slated for subsequent years in the program are for planning purposes only and do not receive expenditure authority
- CIP is presented to Planning Commission for General Plan Consistency Review, prior to going to City Council for budget adoption

CIP: Types of Projects

- Infrastructure - streets, storm drains, sewer systems, street lighting, traffic signals, sidewalks, curb & gutters, and ADA curb ramps
- Facilities - city offices, warehouses, public works yard and support structures, police and fire stations, community centers, public libraries and information technology (computers, data storage, public safety cameras and communications equipment)
- Parks & Recreation – park amenities such as ball fields, restrooms, lighting, landscaping, walking paths and information technology; health and quality of life facilities such as recreation centers, municipal swimming pool, public gymnasiums and aquatic center
- Housing - infill development projects that provide housing opportunities for individuals and families at all income levels

CIP: Project Evaluation

- City staff develop project proposals based on needs assessments and input from the Community
- CIP Committee reviews project proposals presented by City staff on an annual basis and provides recommendations to the Planning Commission and City Council as part of the City's annual budget
- Key criteria considered include:
 - Health & safety benefits
 - Community support
 - Project costs & schedule
 - Available funding
 - Consistency with the City's General Plan and other long-range planning documents
 - On-going maintenance costs

CIP: Funding

- With the support of the Community and City Council, staff aggressively pursue Federal, State and Local grants to fund Capital Projects
- Other available funding sources include: *TransNet* (Prop A), Gas Tax, Sewer Service Fund, Capital Outlay, Development Impact Fees (DIF), Information Systems Maintenance Fund, and General Fund
- Funding sources for Capital Projects often have restrictions based on project scope and/or expenditure timelines
- Exploring financing options, including review of capital / major maintenance reserve policies, is critical to ensuring sustainability of City Facilities and the City's Fleet



Fiscal Sustainability

Mark Roberts
Director of Finance

Strategic Plan Objective 2d

Achieve Fiscal Sustainability

- d) Fund replacement reserves, or create financing plans, for fleet, facilities and other City assets.

Contingency Reserve Policy

Council Policy #201 – Maintenance of Reserve Funds

Contingency Reserve – General Fund:

The City Manager is charged with the responsibility of maintaining an accumulating General Fund Contingency Reserve at a minimum target range equal to between 25% and 50% of a single year's General Fund operating expenditures.

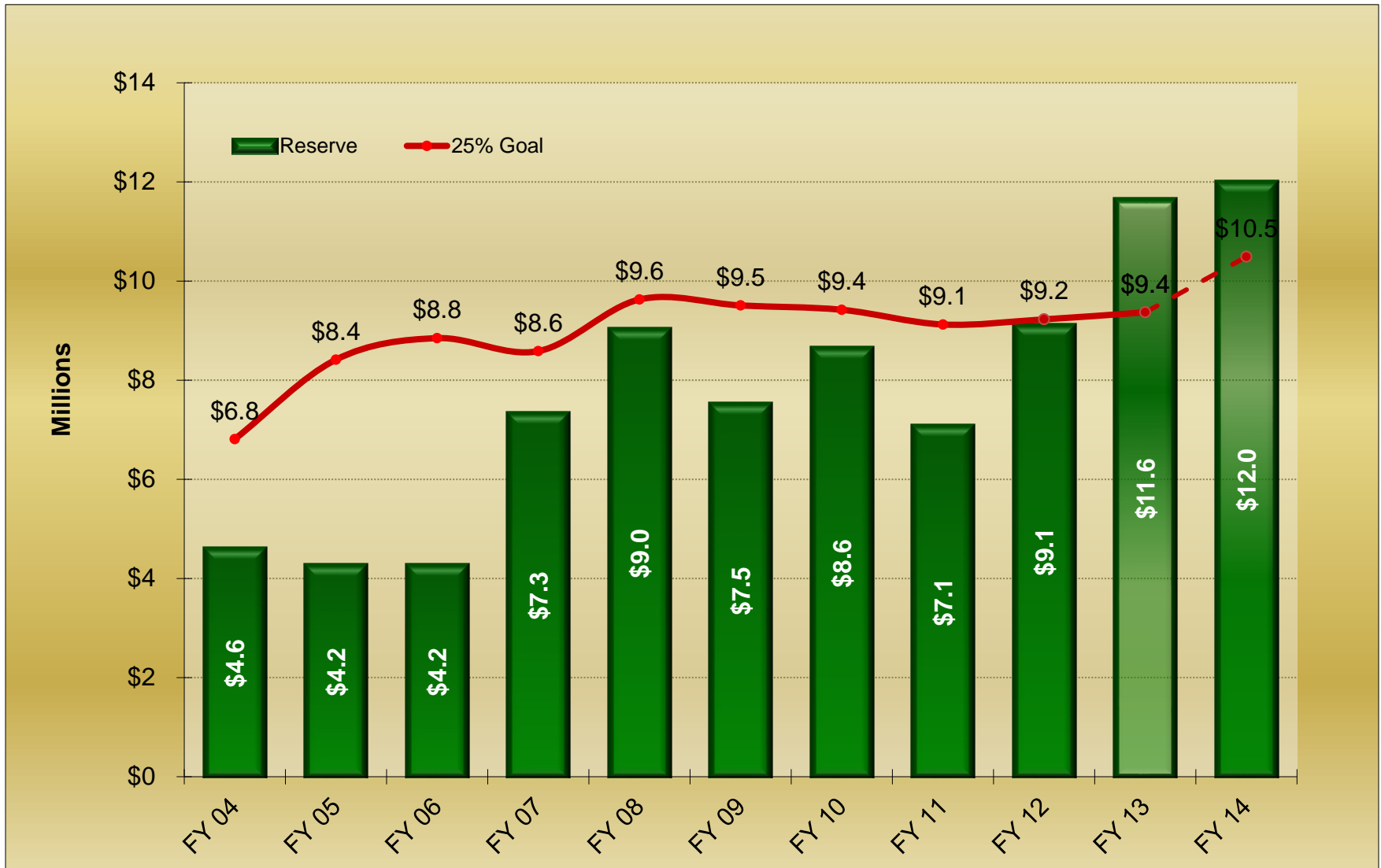


General Fund Reserves

As of June 30, 2013:

Contingency Reserve (Committed Fund Balance)	\$9,085,066
Unassigned Fund Balance	\$6,995,075

General Fund Contingency Reserve



Other Reserve Funds

Council Policy # 201

- Contingency
 - Gas Tax Fund
 - Sewer Service Fund
- Liability Insurance
- Workers' Compensation
- Debt Service
- Equipment Replacement



Future Impacts

Stacey Stevenson

Director of Administrative Services

Future Impacts

Fiscal Year 2016

- Environmental Compliance
- 800 Megahertz Radio System Upgrade
- Minimum Wage

Fiscal Year 2017

- Proposition D Sunset
- Pension Rate Increase (through 2021)



Future Impacts – Proposition D Sunset

- Locally controlled revenue measure
- Represents approximately 24% of the General Fund operating budget
- Generated by both residents and visitors to National City
- Provides needed funding for services to National City residents
 - Fire
 - Police
 - Code Enforcement
 - Graffiti Enforcement
 - Library
 - Youth & Senior Recreation
- September 2016 Sunset date

Future Impacts – Pension Rates

On February 18, 2014, the CalPERS Board adopted new strategic asset allocation and actuarial assumptions. These changes will result in increases in the City's contribution rates starting in FY 2017.

- Changes in amortization and smoothing policies
 1. Rate formulas reflect that employees are living longer
 2. Rates in the near term will increase
 3. The changes will be amortized over 20 years with a 5 year phase in starting in FY 2017.
 4. Rates assume CalPERS earns 7.50%
- On the horizon
 - Recalculation of employer normal rate in the June 30, 2014 actuarial valuation

Projected Pension Rates

Fiscal Year	Miscellaneous	Safety
2014	21.237%	38.007%
2015	21.505%	40.591%
2016*	23.300%	42.600%
2017	TBD	TBD

* estimated rates

Projected Pension Rates

Category	Total Estimated Change in Total Normal Cost (% of payroll)	Total Estimated Ultimate Change in Employer Rate FY16-17 (% of payroll)	Total Estimated Ultimate Change in Employer Rate FY20-21 (% of payroll)
Miscellaneous			
3% at 60	0.6% to 0.7%	1.2% to 1.9%	4.0% to 6.7%
2% at 55	0.2% to 0.3%	0.4% to 1.3%	1.3% to 2.1%
2% at 60	0.3% to 0.4%	0.4% to 1.0%	1.0% to 3.1%
Safety			
Safety Fire	0.0% to 0.5%	1.2% to 1.9%	6.3% to 7.2%
Safety Police	1.1% to 1.7%	1.9% to 3.3%	5.3% to 9.3%

Next Steps

- Additional staff review and refinement
- Second workshop (May 27th)
 - CIP
 - Reserve Policies
- Prepare final budget for adoption (no later than June 30, 2014)

Council Direction

- Staff seeks direction on:
 - Operating budgets for City programs that were under-funded or unfunded through the CDBG award process.
 - Proposed personnel changes.
 - Additional priorities, staffing, or programmatic adjustments.



City Manager Final Comments



Council Comments/Direction